



The Insider

www.senate.mi.gov/switalski

Inside State Politics with State Senator Mickey Switalski Senate District 10

June 25, 2004

Welcome to the electronic version of *The Insider*. I would like to take the opportunity to thank you for your support and for giving me an opportunity to represent you in the Michigan Senate. It is my sincere hope that this bi-weekly e-newsletter will keep you informed of the happenings in Lansing, while keeping true to the traditional style of *The Insider*. If you would like to contact me, please feel free to e-mail me at senmswitalski@senate.michigan.gov or call me at my Roseville or Lansing office. You can also meet me in person during my constituent hours, coming to a library near you. Call my office and make an appointment, or you can just walk in. See page 4 for the schedule.

Cigarette Tax Compromise Prevents Cuts to Medicaid

A major piece of the budget hurdle was completed with the recent passage of the cigarette tax increase earlier this week.

Things had looked pretty bleak as recently as last week when the Senate had rejected two different versions of the House-passed version. Relations amongst the two sides were at brinkmanship and were frostier than that during the Cold War.

The battle was over a bill, House Bill 5632, that would raise the Michigan cigarette tax from \$1.25 to \$2 per pack on all tobacco products.

Governor Granholm had originally proposed the increase as a way to generate revenue to cover the ever increasing costs of Medicaid including the increasing amount of cases. Part of the revenue increase would also go to smoking cessation programs. The original proposal would have raised \$300 million for next year and would have resulted in lower health care costs over the long haul based on the theory that people would smoke less if they had to pay more.

Bills rarely pass the Legislature without changes. Sometimes it takes a downright miracle in order to get a majority of 110 legislators to agree on a common issue and even harder to get an agreement with a Democratic governor and a Republican majority in the legislature.

The House had passed the bill with several changes, including excluding cigars and chewing tobacco. The bill also would have sunset the increase after three years and would have given businesses an opportunity to keep the tax increase revenue for themselves for about two weeks. The Senate had sought to bring the proposal back to what the Governor originally intended for.

With my many years of experience in the House, I knew the key to getting anything past in the lumber yard known as the Michigan Legislature is to compromise. Take a little, give a little.

And this was big piece of lumber that wasn't moving.

The consequences were huge. If the bill did not pass by July 1, the Governor would have to do the unavoidable, make cuts in health care to the state's most vulnerable citizens, which includes many seniors and lower-income people. I voted against Governor Engler's \$0.50 per pack increase in 2002 but with very little options left have facing four years of consecutive revenue shortfalls, we can't completely cut our way out of this budget mess.

We had a majority of the Senate Democratic caucus on board for the increase but we couldn't pass it without some help from the other side of the aisle. But the Republicans weren't budging because they wanted a piece of the cigarette tax pie too as they were looking for some of the revenue to go to the Life Sciences Corridor, which does pro-active research on health issues.

Many options were already considered to pass a balanced budget. Each option failed to get a majority of votes to pass. The governor proposed a tax on estates worth more than \$2 million dollars. The bill would have affected about 900 estates in Michigan but failed.

Other proposals that failed included a bill that would have increased the tax on liquor products and another proposal that would have raised the amount of taxes that Detroit casinos pay to the state. Even a proposal for a billion dollars worth of cuts went nowhere.

In the end, the cigarette tax was the only option that could get a majority to help solve the budget shortfall of \$300 million dollars this year and a \$1.3 billion shortfall for next year.

I realized that if no one was going to vote for budget cuts and no one was going to for any revenue enhancements, something needed to be done to break the stalemate. A compromise needed to be found.

I offered an amendment that would earmark all of the revenue generated from the cigarette tax increase for this year and in 2005 to go to prevent any cuts to Medicaid. The proposal would also earmark 75 percent of the revenue to Medicaid and 25 percent to the general fund in 2006 and beyond.

I threw out the proposal with the expectation that it would lead to an early demise. To my chagrined surprise, Senate Majority Leader Ken Sikkema (R-Wyoming) thought it was an excellent idea and after some discussion, the proposal was adopted and the cigarette tax passed on a 20-15 vote. The House added a minor change that will provide free nicotine gum and patches for the Michigan Smoker's Quit Kit to help people quit.

In the end, I felt I did the best thing possible in order to avoid any cuts to Medicaid. It was a difficult vote but I was elected to make the tough decisions. The budget battle is far from over as we still have a ton of work to do before the budget is finalized. Even with the cigarette tax passed, the state still faces a gap of \$150 million for this year and \$1 billion for next year. Stay tuned for future updates.

Child Support Reform

Many children in Michigan are not getting the financial resources of what they are entitled to because of a parent's inability or unwillingness to pay child support. In Michigan, it has been estimated that there is up to \$8 billion of unpaid child support.

The Michigan Senate passed a package of 11 bills on Wednesday that would seek to help remedy this situation by providing assistance to individuals who are required to pay child support but can not afford to do so in order to help increase the collection of unpaid child support.

The bills would create a Child Support Bench Warrant Enforcement fund that would be used to fund police agencies in tracking and prosecuting bench warrants for unpaid child support. In addition, the legislative package would change the current requirement that a father of an out of wedlock child pay the cost of a child's delivery and would allow the court to divide up the costs between the parents, based on several factors such as the ability of a parent to pay. It would also allow for abatement for the father if he marries the mother of the child.

The legislation would also assign rights to the Family Independence Agency for support payments for children and would limit the FIA on what it would have to do to certify before paying a support subsidy to an adoptive parent.

In addition, the bills would also require a notice of arrearages when a child support payer's income is being withheld and would allow the person to contest the withholding order. It would also revise the time frame for reviews of a child support order and would change the procedures for initiating and conducting a review, would limit when the surcharges could be assessed on past due child support orders, and would amend the requirement so that child support orders in paternity cases are retroactive only when the action is filed.

Finally, the package also would set up new rules for presenting recommended orders from referee's in domestic relations situations and would allow parents paying support who are in arrears to establish an arrearage payment plan.

Mickey's TV Insider Show

Check out my TV Insider Show coming to a television station near you. Watch me interview local guests about politics, life, issues and concerns to our district.

Sterling Heights

Every Saturday and Sunday at 12:30 p.m.
(Comcast Channel 5/WOW Channel 10)

Utica

Every Wednesday at 9 a.m.
(Comcast Channel 5/WOW Channel 10)

Clinton Township

Last week of every month- Sat thru Thurs
(Comcast Channel 5/WOW Channel 10)

Roseville

Every other Tuesday at 6:05 p.m.
(Comcast Channel 18)

*Please note that Sterling Heights/Utica/Clinton Township will show the TV Insider Show on Comcast Channel 5 and Wide Open West Channel 10. Clinton Township will air the TV Insider Show at various times during the last week of every month. Roseville can see the TV Insider Show on Comcast Channel 18.

Coffee Hours

*Please note that since the District Office is in Roseville, I do not have coffee hours in Roseville. I encourage you to visit the Roseville office. We even have a coffee pot. Everyone is welcome!

Clinton Twsp/Sterling Hgts/Rsvice/Utica
June 28
7-9 p.m.

Location: Clinton Township Public Library
(40900 Romeo Plank Road, near Canal)

Clinton Twsp/Sterling Hgts/Rsvice/Utica
July 19
7-9 P.M.

Location: *Clinton Township Public Library*
(35891 Gratiot, north of 15 Mile)

Contact My Office

Website: <http://www.senate.mi.gov/switalski>

Email: senmswitalski@senate.michigan.gov

Lansing Office

Senator Mickey Switalski
Senate District 10
410 Farnum
PO Box 30036
Lansing, Michigan 48909

(866)303-0110 toll free
(517)373-7315
Fax-(517)373-3126

District Office

28311 Utica Road
Roseville, MI 48066

Monday through Friday
9:00 A.M. to 5:00 P.M.

(586)774-2430
Fax-(586)774-0012